United Nations E/CN.3/2007/22

Economic and Social Council

Distr.: General
11 December 2006

Original: English

Statistical Commission
Thirty-eighth session
27 February-2 March 2007
Item 4 (f) of the provisional agenda*
Items for information: finance statistics

Report of the International Monetary Fund on the Inter-Agency Task Force on Finance Statistics

Note by the Secretary-General

In compliance with a request of the Statistical Commission at its thirty-seventh session,** the Secretary-General has the honour to transmit the report of the International Monetary Fund on the Inter-Agency Task Force on Finance Statistics, which is submitted to the Commission for information. The Commission is requested to take note of the report.

* E/CN.3/2007/1.

** See *Official Records of the Economic and Social Council, 2006, Supplement No. 4* (E/2006/24), chap. I.B, para. 2.

06-65400 (E) 271206

Report of the International Monetary Fund on the Inter-Agency Task Force on Finance Statistics

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I. Introduction

1. The Inter-Agency Task Force on Finance Statistics,[1] established in 1992 under the auspices of the United Nations Statistical Commission, reconvened in 1998 to coordinate work to improve the data on external debt and international reserves, inclusive of methodological soundness, transparency, timeliness and availability of data. These data help in assessing the potential vulnerability of a country's financial position with other countries. A report on the Task Force work programme was provided to the United Nations Statistical Commission in March 2003. The present report provides an update of the work since the last report and outlines the forward work programme. While challenging, the forward work programme will continue to benefit from the cooperative, coordinated and sustained efforts of the Task Force agencies, which are key to the success of the Task Force.

2. Since the March 2003 report to the Statistical Commission, the Task Force achieved major breakthroughs, including more readily available data from national/debtor and creditor/market sources, quarterly national external debt data, a more detailed instrument breakdown by creditor source, the development of a data quality assessment framework[2] for external debt statistics, as well as joint training to build countries' capacities in producing the external debt data.

II. Availability of external debt data

A. Joint External Debt Hub

3. With the endorsement of the Task Force, the Bank for International Settlements (BIS), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and the World Bank launched the Joint External Debt Hub[3] in March 2006. The Hub is a major step in the dissemination of external debt statistics to the international community. It brings together national/debtor and creditor/market external debt data, and selected foreign assets. The creditor/market data are presented in a table that subsumes the former Joint BIS-IMF-OECD-World Bank statistics on external debt (JDS), a website launched in 1999. In March 2006, the four agencies jointly signed a service level agreement to formalize their ongoing collaboration and, importantly, to define their areas of responsibilities with regard to the Hub work going forward. The World Bank agreed to continue maintaining the Hub website while OECD agreed to host the Hub registry.

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[1] The Task Force is chaired by the International Monetary Fund (IMF) and meets annually. It comprises representatives of the Bank for International Settlements (BIS), the Commonwealth Secretariat, the European Central Bank, IMF, the Organization for Economic Cooperation and Development (OECD), the Paris Club Secretariat, the United Nations Conference on Trade and Development and the World Bank. The Joint External Debt Hub work is carried out mainly by the four agencies represented in the "subgroup": BIS, IMF, OECD and the World Bank.

[2] The data quality assessment framework is used for comprehensive assessments of countries' data quality.

[3] The Joint External Debt Hub, available at www.jedh.org, pilot tested the statistical data and metadata exchange (SDMX) protocol.

B. National/debtor data sources

4. The national/debtor data are sourced from the World Bank's quarterly external debt statistics[4] database, launched in November 2004. The database includes a core set of quarterly external debt data provided by the IMF Special Data Dissemination Standard (SDDS) subscribing countries, which are based on concepts and presentation tables articulated in the *External Debt Guide*. Participation in the database is voluntary. Currently, 56 countries (including a non-SDDS subscriber) are providing their external debt data to it.

C. Creditor data sources

5. The creditor/market table in the Joint External Debt Hub (see annex I) now features 26 lines — almost double the series covered in the former JDS table, which will be decommissioned by end-2006. Moreover, unlike the JDS website, industrial countries are covered. The creditor data series comprise (a) loans and other credits, (b) debt securities, (c) supplementary information (officially supported trade-related credits and debt securities held by non-residents) and (d) memorandum items covering international reserves (excluding gold), portfolio investment assets and total cross-border deposits with foreign banks. The Hub also includes a summary table that compares national and creditor/market data in debt securities and loans for countries for which both data sources are available.

6. The BIS data (locational and consolidated banking statistics, and international debt securities statistics) remain a central feature of the table. OECD has recently secured the necessary funding for the resumption of the compilation of bilateral loans data, closing a significant gap in the Hub arising from resource constraints. Regarding export credits data, BIS has commenced work with the Berne Union[5] with a view to using its recently modernized quarterly reporting system for insured export credits. Furthermore, a new initiative has been launched by OECD, the World Bank and some key export credit agencies to assess the possibility of obtaining export credits data.

D. Public sector debt data

7. In 2004, the Task Force on Finance Statistics endorsed an IMF initiative to develop a data template for the reporting of public sector debt statistics for surveillance purposes. The initiative aimed at (a) developing a uniform presentation of public sector statistics based on recognized methodologies, such as the *External Debt Guide* and the *Government Finance Statistics Manual 2001*, and (b) promoting the availability of public debt statistics through international cooperation in debt reporting, technical assistance and IMF surveillance work.

8. So far, 27 countries have been approached to participate in the pilot study to test the public sector debt statistics template and 4 countries have reported data.

[4] The quarterly external debt statistics database is available at: http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/EXTDECQEDS/0,,menuPK:1805431~pagePK:64168427~piPK:64168435~theSitePK:1805415,00.html.

[5] The Berne Union (International Union of Credit and Investment Insurers, a group of 52 agencies).

Going forward, the intention is to have a critical mass of countries reporting public sector debt statistics within two years.

9. IMF shared with the Task Force the new guidance note on the statistical framework for capturing Multilateral Debt Relief Initiative assistance. The guidance note was developed drawing on existing methodology in the *Balance of Payments Manual*, the *Government Finance Statistics Manual 2001* and the *Monetary and Financial Statistics Manual* to ensure that the advice given was consistent across different statistical domains.

III. Quality of external debt data

10. In addition to improving the availability of external debt data produced by national authorities, the Task Force is addressing the debt data quality issues on two fronts — promoting good practices of data quality based on the IMF data quality assessment framework and confirming the quality of data supplied by national authorities through consistency checks.

A. External debt statistics data quality assessment framework

11. In consultation with other Task Force agencies, IMF produced in June 2005 the external debt data quality assessment framework, which contains good statistical practices that encompass governance of statistical institutions, core statistical processes and statistical outputs. The Task Force considered that the external debt data quality assessment framework has many uses, including identifying and promoting "good practices" in compilation and dissemination of external debt statistics; designing and monitoring technical assistance programmes; assessing the quality of external debt statistics produced by national authorities; and, importantly, functioning as a self-assessment tool for country authorities in seeking donor support for capacity-building.

B. International investment position/external debt comparison

12. The Task Force supported the new IMF initiative to assess the consistency of external debt data reported by SDDS countries to the quarterly external debt statistics database and corresponding data series in the international investment position in the *Balance of Payments Statistics Yearbook*. This initiative is geared towards improving countries' external debt and international investment position data for effective use in economic surveillance work. From this exercise, comparator tables were produced and sent for comment to SDDS countries that had both international investment position data and data in the quarterly external debt statistics database for end-2004. Main differences were reviewed, particularly in sector, maturity and instrument classification, and for some countries, specific actions for closing the gaps were identified.

IV. Capacity-building

13. The Task Force agencies have made a significant contribution in disseminating international best practices in the compilation of external debt statistics through joint capacity-building training activities.

14. As noted in the previous report to the Statistical Commission at its 2003 session, in May 2002 IMF began a new series of external debt training courses directed at mid-level compilers, in collaboration with representatives of other Task Force agencies. In addition, the Commonwealth Secretariat (COMSEC) and the United Nations Conference on Trade and Development (UNCTAD) organize regional training courses in collaboration with Task Force agencies. In total, during the period May 2002-September 2006, these courses have provided training to 572 mid-level compilers from 142 countries (see annex II).

V. Forward work programme

15. In developing the way forward at its meeting in Washington, D.C. on 13 and 14 March 2006, the Task Force took stock of the progress to date. The development of the *External Debt Guide*, the establishment of the Joint External Debt Hub and the creation of the quarterly external debt statistics database have provided an extremely valuable framework that, by bringing together countries' bilateral external debt positions, highlights how savings gets channelled across countries. The framework also supplements the balance sheet data work currently under way by providing a country breakdown of countries' external assets and liabilities.

16. Acknowledging the importance of its work for surveillance and vulnerability purposes and market analysis, the Task Force undertook to focus its work on data implementation, notably filling gaps in the data sets and validating existing data with counterpart statistics, while maintaining its leading role in external debt methodology. The next meeting of the Task Force will be held in Geneva on 29 and 30 March 2007.

17. Notably, the Task Force sees the need to:

- **Improve the availability of external debt data**. This includes (a) expanding coverage of national/debtor data and (b) enhancing the creditor/market data in the Joint External Debt Hub. Moreover, the development of public sector debt statistics will continue and reports are to be received from the World Bank on its work on the South-South Survey on capital flows and from IMF on its proposal for a coordinated direct investment survey
- **Improve the quality of external debt data** through greater use of the external debt data quality assessment framework,[6] continued international investment position external debt comparison work and, possibly, a database of methodological guidance provided by the Task Force agencies to member countries on external debt statistics

[6] Such use could be factored as part of the World Bank proposal to develop a diagnostic tool with the objective of assessing debt management capacity in low-income countries, in order to: (a) guide the design of reform programmes, provision of technical assistance and capacity-building; and (b) monitor debt management performance over time.

- **Pursue collaboration among Task Force agencies in the field of external debt.** Collaboration in capacity-building in the production and dissemination of debt statistics is to be reviewed and collaboration is to be enhanced on issues of mutual interest, not least in relation to specific countries

- **Maintain the Task Force's leading role in external debt methodology** by reviewing the methodological guidance on debt reorganization for the update of the fifth edition of the *Balance of Payments Manual* and monitoring changes emerging from that update.

Annex I

Joint BIS-IMF-OECD-World Bank statistics on external debt*

(Millions of United States dollars)

Country X *Selected external debt items — all maturities*	*Type of data*	*Source*[a]	*Stocks (end of period)*					
			2003	*2004*				*2005*
			December	*March*	*June*	*September*	*December*	*March*
Loans and other credits								
Cross-border loans from foreign located banks	Creditor	BIS						
o/w:[b] to non-banks	Creditor	BIS						
Official bilateral loans, total	Creditor	OECD						
o/w: Aid loans	Creditor	OECD						
Other	Creditor	OECD						
Multilateral loans, total	Creditor							
o/w: IMF	Creditor	IMF						
Other institutions reporting quarterly data	Creditor	World Bank						
Officially supported trade-related credits:								
Lending from non-banks	Creditor							
Debt securities								
International debt securities	Market	BIS						
o/w: issued by non-banks	Market	BIS						
Brady bonds	Debtor	World Bank						
Supplementary information								
Officially supported trade-related credits: total								
Debt securities held by non-residents	Creditor	IMF						
Debt due within a year								
Loans and other credits								

Country X *Selected external debt items — all maturities*	*Type of data*	*Source*[a]	*Stocks (end of period)*					
			2003	*2004*				*2005*
			December	*March*	*June*	*September*	*December*	*March*
Loans from foreign controlled and foreign located banks	Creditor	BIS						
Official bilateral loans, total	Creditor	OECD						
o/w: Aid loans	Creditor	OECD						
Other	Creditor	OECD						
Multilateral loans: IMF	Creditor	IMF						
Officially supported trade-related credits:	Creditor							
Lending from non-banks	Creditor							
Debt securities								
International debt securities	Market	BIS						
o/w: issued by non-banks	Market	BIS						
Memorandum items — selected foreign assets								
International reserves (excluding gold)	Creditor	IMF						
Portfolio investment assets	Creditor	IMF						
Total cross-border deposits with foreign banks	Debtor	BIS						
o/w: by non-banks	Debtor	BIS						

* *Abbreviations*: BIS=Bank for International Settlements; IMF=International Monetary Fund; OECD=Organization for Economic Cooperation and Development.

[a] To be linked to metadata.

[b] o/w=of which.

Annex II

External debt statistics courses conducted by Task Force on Finance Statistics agencies (May 2002-September 2006)*

	Seminar and venue	*Lead agency*	*Collaborating agencies*	*Countries*	*Number trained*
1.	Joint Vienna Institute (Vienna), 6-17 May 2002	IMF	BIS, ECB, Paris Club Secretariat and UNCTAD	21	30
2.	ECCB Regional Debt Workshop (Basseterre), July 2002	COMSEC	IMF, World Bank	16	67
3.	Interregional Debt Workshop (London), March 2003	COMSEC	IMF, World Bank	15	23
4.	Brazil Training Centre (Brasilia), 12-23 May 2003	IMF	BIS, Paris Club Secretariat and UNCTAD	16	34
5.	Singapore Training Centre (Singapore), 22 September-3 October 2003	IMF	BIS and COMSEC	16	31
6.	Joint Africa Institute (Yaoundé), 17-28 November 2003	IMF	BIS and Paris Club Secretariat	19	26
7.	Joint Vienna Institute (Vienna), 12-23 July 2004	IMF	BIS, ECB, Paris Club Secretariat and UNCTAD	21	30
8.	IMF Headquarters (Washington, D.C.), 11-29 July 2005	IMF	World Bank, UNCTAD and Paris Club Secretariat	39	39
9.	China Training Centre (Beijing), 8-19 August 2005	IMF	BIS	1	55
10.	Joint Vienna Institute (Vienna), 5-16 September 2005	IMF	BIS, ECB, COMSEC and UNCTAD	28	30
11.	Joint Africa Institute (Tunis), 7-18 November 2005	IMF	BIS, COMSEC, Paris Club Secretariat and UNCTAD	17	25
12.	Eastern and Southern Africa (Kampala), 21-25 November 2005	MEFMI COMSEC	IMF and UNCTAD	9	29
13.	Arab Monetary Fund (Abu Dhabi), 15-26 January 2006	IMF	BIS and UNCTAD	16	32
14.	Brazil Training Centre (Brasilia), 20-31 March 2006	IMF	BIS, Paris Club Secretariat and UNCTAD	18	18
15.	Argentina Regional Workshop (Buenos Aires), 27-28 April 2006	UNCTAD	IMF	6	22
16.	Eastern and Southern Africa (Kampala), 10-11 July 2006	UNCTAD MEFMI	IMF	3	19
17.	West Africa Regional Course (Freetown), 8-10 August 2006	WAIFEM COMSEC	IMF	5	32

	Seminar and venue	*Lead agency*	*Collaborating agencies*	*Countries*	*Number trained*
18.	CARTAC Course (Barbados) 18-29 September 2006	IMF	COMSEC	18	30
	Total[a]				**572**

* *Abbreviations*: BIS =Bank for International Settlements; COMSEC =Commonwealth Secretariat; ECB =European Central Bank; IMF =International Monetary Fund; MEFMI =Macroeconomic and Financial Management Institute of Eastern and Southern Africa; UNCTAD =United Nations Conference on Trade and Development; WAIFEM =West African Institute for Financial and Economic Management.

[a] 572 external debt compilers from 142 countries participated in external debt statistics courses conducted by Task Force agencies during the period May 2002-September 2006.